

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 698 - HB 1272

March 30, 2019

SUMMARY OF ORIGINAL BILL: Requires any winery that holds a self-distribution permit that is subsequently required to cease self-distribution to surrender such permit within 60 days of becoming ineligible for such distribution.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005480): Deletes all language after the enacting clause. Eliminates restriction which currently limits where alcoholic beverage wholesalers or distributors may sell their products, as shown on the contract between the respective manufacturer or importer and the respective wholesaler. Authorizes a manufacturer or importer of alcoholic beverages to modify or terminate a contract with a wholesaler, at will, without good cause shown. Removes current prohibition against any manufacturer or importer from failing to renew a contract with a wholesaler or distributor, except for good cause shown, asserted in good faith, as determined by the Commissioner of the Department of Revenue (DOR). Removes the requirement that the DOR hold a hearing to determine whether good cause was shown.

Revises various requirements determining contract termination rights between franchisors and franchisees.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- This legislation may result in various changes in contractual obligations between wholesalers or distributors and manufacturers or importers; however, to the extent known, any such change is estimated to have no significant impact on the number of wholesalers, distributors, manufacturers or importers currently operating in the state and as such, will have no significant impact on state or local tax revenue.

SB 698 - HB 1272

- This legislation may result in various changes between contractual obligations between franchisors and franchisees operating in this state; however, to the extent known, these changes will have no significant impact on the number of franchisors or franchisees operating in the state, nor any state or local tax revenue collected from such businesses.
- Based on information provided by the DOR, there will be no significant decrease in state expenditures as a result of any decrease in hearings conducted by the Department for the purpose in determining whether good cause was shown by a manufacturer or importer when such has failed to renew a contract with a wholesaler or distributor.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb